

# Tax Credit Accountability Report



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June 2012

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# Introduction

In 2004, the legislature passed the “Tax Credit Accountability Act”. The statute, RSMo 620.017.4., requires that the Department of Economic Development prepare an annual report regarding all economic incentives administered in the previous calendar year and submit the report to the Governor, President Pro Tem of the Senate, and the Speaker of the House of Representatives.

The annual report must include the following information:

- The distribution of economic incentives by type and public purpose. In the statute, RSMo 135.800, all tax credits are grouped into a category, or type, based on their public purpose. This section of the report reflects the distribution of incentives by those categories, which are as follows:
  - Agricultural
  - Environmental
  - Entrepreneurial
  - Domestic and Social
  - Housing
  - Redevelopment
  - Training and Education
  - Business Recruitment
  - Community Development
- The total amount of economic incentives awarded by industry. All incentives issued to organizations or businesses are broken down by North American Industry Classification System (NAICS) Codes.
- The distribution of economic incentives by the size of all business recipients. All incentives issued to businesses only are broken down by business size categories of less than 100 employees, 100-500 employees, and greater than 500 employees.
- A summary of jobs created as reported annually.
- A reporting of any legal action taken by the department or the state with any parties which have failed to comply with a contract or agreement pursuant to this section.

All economic incentives are reported by the amount that has been issued to the taxpayer in the calendar year. Issuance of a tax credit indicates that the Department of Economic Development has determined it meets eligibility criteria and has proof that the organization or company has met the program requirements. Tax credits are issued using a certificate which may be attached to a state tax filing for redemption through the Department of Revenue.

The information is collected through the application and review process. RSMo 135.802 requires that all applications include:

- Name, address, contact and phone number for the applicant.
- Taxpayer type
- Standard industry code (The NAICS system has replaced the Standard Industry Code system for identifying industries at the federal level.)
- Program name and type of any other tax credits (state or federal) that are being utilized for the same activity or project.

# DED Incentives Reported by Category

January 1, 2011 to December 31, 2011

Category Type and Program	Total Amount Issued in CY 2011
<b>Agricultural</b>	
Wine and Grape	\$ 69,768.58
Missouri Rural Economic Stimulus Act	\$ -
<b>Total Agricultural</b>	<b>\$ 69,768.58</b>
<b>Environmental</b>	
Charcoal Producers	\$ -
<b>Total Environmental</b>	<b>\$ -</b>
<b>Entrepreneurial</b>	
Loan Guarantee Fee	\$ -
Certified Capital Companies	\$ -
Business Incubator	\$ 197,907.46
Urban Enterprise Loan	\$ -
Seed Capital	\$ -
Capital SBIC	\$ -
New Enterprise Creation	\$ -
Research	\$ -
<b>Total Entrepreneurial</b>	<b>\$ 197,907.46</b>
<b>Domestic and Social</b>	
Youth Opportunities Program	\$ 4,823,284.83
<b>Total Domestic and Social</b>	<b>\$ 4,823,284.83</b>
<b>Housing*</b>	
Neighborhood Preservation	\$ 1,050,330.42
<b>Total Housing</b>	<b>\$ 1,050,330.42</b>
<b>Redevelopment</b>	
Brownfield Remediation	\$ 12,380,028.16
Brownfield Jobs and Investment	\$ 1,883,239.57
Brownfield Demolition	\$ -
Distressed Areas Land Assemblage	\$ 2,119,138.02
Historic Preservation	\$ 115,462,743.05
Community Development Corporation Grant	\$ -
Community Bank	\$ -
State Tax Increment Financing	\$ 8,139,827.00
MODESA	\$ 840,034.00
Downtown Preservation	\$ 176,425.00
<b>Total Redevelopment</b>	<b>\$ 141,001,434.80</b>

# DED Incentives Reported by Category *Continued*

January 1, 2010 to December 31, 2010

## Training and Education

New Jobs Training Program	\$ 2,031,770.00
Retained Jobs Training Program	\$ -
Customized Training Program	\$ 9,913,240.48
<b>Total Training and Education</b>	<b>\$ 11,945,010.48</b>

## Business Recruitment

Business Facility	\$ 4,329,955.00
Enhanced Enterprise Zone	\$ 6,899,179.30
Enterprise Zone	\$ 192,415.00
Development Tax Credit	\$ 4,466,759.39
Rebuilding Communities	\$ 1,437,015.06
Film Production	\$ 1,448,345.55
Missouri Quality Jobs	\$ 29,102,117.59
<b>Total Business Recruitment</b>	<b>\$ 47,857,786.89</b>

## Community Development

Transportation Development	\$ -
Neighborhood Assistance	\$ 7,854,678.00
Family Development Account	\$ 250.00
Dry Fire Hydrant	\$ -
<b>Total Community Development</b>	<b>\$ 7,854,928.00</b>

<b>TOTAL--ALL DED STATE INCENTIVES</b>	<b>\$ 214,818,451.46</b>
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\*By Statute, this report does not include Low-Income Housing Tax Credits.

# DED Incentives Reported by Industry\*

January 1, 2011 to December 31, 2011

NAICS	Description	Amount
11	Agriculture, forestry, fishing and hunting	\$ -
21	Mining	\$ -
22	Utilities	\$ -
23	Construction	\$ 27,696,706.66
31-33	Manufacturing	\$ 13,875,301.53
42	Wholesale Trade	\$ 2,108,761.11
44-45	Retail Trade	\$ 612,147.75
48-49	Transportation	\$ 2,309,429.15
51	Information	\$ 3,407,683.94
52	Finance and Insurance	\$ 6,118,158.27
53	Real Estate and rental and leasing	\$ 88,228,167.41
54	Professional and technical services	\$ 15,603,722.50
55	Management of companies and enterprises	\$ 10,907,123.17
56	Administrative and waste services	\$ 678,514.35
61	Educational services	\$ 740,751.00
62	Health care and social assistance	\$ 7,730,307.43
71	Arts, entertainment, and recreation	\$ 957,992.93
72	Accommodation and food services	\$ 1,076,512.02
81	Other services, except public administration	\$ 1,420,282.00
92	Public Administration	\$ 5,231,001.06
	Unclassified	\$ 1,819,158.68
<b>GRAND TOTAL</b>		<b>\$ 190,521,720.96</b>

\* Industries are represented by standard "NAICS" codes (North American Industry Classification System).

**Note: Benefits issued to individuals or community colleges are not considered in this report.**

# DED Incentives Reported by Business Size

January 1, 2011 to December 31, 2011

Business Size

Less than 100

100-500

>500

## Applicable Programs Reporting:

Wine and Grape (Businesses Only)	\$ 69,768.58	\$ -	\$ -
Charcoal Producers	\$ -	\$ -	\$ -
Loan Guarantee Fee	\$ -	\$ -	\$ -
Certified Capital Companies	\$ -	\$ -	\$ -
Business Incubator	\$ 197,907.46	\$ -	\$ -
Urban Enterprise Loan	\$ -	\$ -	\$ -
Seed Capital	\$ -	\$ -	\$ -
Capital SBIC	\$ -	\$ -	\$ -
New Enterprise Creation	\$ -	\$ -	\$ -
Research	\$ -	\$ -	\$ -
Youth Opportunities Program	\$ 3,071,374.83	\$ 1,736,610.00	\$ 15,300.00
Neighborhood Preservation (Developers Only)	\$ 831,606.98	\$ -	\$ -
Brownfield Remediation	\$ 9,107,630.09	\$ 1,948,275.58	\$ -
Brownfield Jobs and Investment	\$ 170,952.09	\$ 202,800.06	\$ 1,509,487.42
Brownfield Demolition	\$ -	\$ -	\$ -
Distressed Areas Land Assemblage	\$ -	\$ 2,119,138.02	\$ -
Historic Preservation (Developers Only)	\$ 111,631,469.10	\$ -	\$ 854,563.37
Community Bank	\$ -	\$ -	\$ -
Business Facility	\$ 111,032.00	\$ 46,433.00	\$ 4,172,490.00
Enhanced Enterprise Zone	\$ 2,657,295.73	\$ 2,725,614.84	\$ 1,516,268.73
Enterprise Zone	\$ -	\$ -	\$ 192,415.00
Development Tax Credit	\$ 816,759.39	\$ 550,000.00	\$ 3,100,000.00
Rebuilding Communities	\$ 1,362,015.06	\$ 75,000.00	\$ -
Film Production	\$ 1,448,345.55	\$ -	\$ -
Missouri Quality Jobs	\$ 5,389,997.01	\$ 6,902,978.74	\$ 16,809,141.84
Transportation Development	\$ -	\$ -	\$ -
Neighborhood Assistance	\$ 5,880,681.00	\$ 1,546,942.00	\$ 427,055.00
Family Development Account	\$ 250.00	\$ -	\$ -

<b>TOTALS</b>	<b>\$142,747,084.87</b>	<b>\$ 17,853,792.24</b>	<b>\$28,596,721.36</b>
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Note: Benefits issued to individuals, community colleges or units of government are not considered in this report.

# Jobs Reporting for Accountability Act

for period July 1, 2009 - June 30, 2010

(As reported by the companies through Accountability Reports due June 30, 2011)

Program	Full Time Jobs Reported	Part time Jobs Reported
Wine and Grape (Businesses Only)	3	39
Loan Guarantee Fee	42	17
Certified Capital Companies	0	0
Business Incubator	79	77
Seed Capital	0	0
Capital SBIC	0	0
New Enterprise Creation	0	0
Research	0	0
Neighborhood Preservation (Developers Only)	0	0
Brownfield Remediation	1,727	371
Brownfield Jobs and Investment	20	3
Brownfield Demolition	0	0
Distressed Areas Land Assemblage	28	0
Historic Preservation (Developers Only)	1,342	750
Community Bank	0	0
Business Facility	616	53
Enhanced Enterprise Zone	497	47
Enterprise Zone	133	62
Development Tax Credit	350	57
Rebuilding Communities	212	26
Film Production	0	0
Missouri Quality Jobs	5,997	169
Transportation Development	0	0
Neighborhood Assistance	196	407
Family Development Account	0	0
<b>Totals</b>	<b>11,242</b>	<b>2,078</b>



# CY 2011 Legal Actions

Actions are based on entities failure to comply with an incentive contract or agreement.

Program	Applicant	Issue	Action
Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo	Majestic Heritage, LLC	Applicant did not submit proof of payment of accrued development fees, upon which tax credits were issued	Referred to AGO. Filed lawsuit on July 1, 2011.
Historic Preservation Tax Credit Program, Sections 253.545 to 253.559, RSMo	MCZ / Centrum-Western, LLC	Applicant did not submit proof of payment of accrued development fees, upon which tax credits were issued	Referred to AGO. Filed lawsuit on December 19, 2011.
Community Development Block Grant, The Housing and Community Development Act of 1974 (Public Law 93-383), as amended	WiFi Sensors, Inc.	Applicant failed to make timely payments on a Community Development Block Grant Action Fund Loan.	Sent notice of default and referred to AGO.
Community Development Block Grant, The Housing and Community Development Act of 1974 (Public Law 93-383), as amended	BiltBest Products, Inc.	Applicant failed to make timely payments on a Community Development Block Grant Action Fund Loan.	Sent notice of default and referred to AGO.
Community Development Block Grant, The Housing and Community Development Act of 1974 (Public Law 93-383), as amended	CounterTops, LLC	Applicant filed for bankruptcy with unsatisfied Community Development Block Grant Action Fund Loan.	Referred bankruptcy to the AGO.
Development Tax Credit Program, Sections 32.100 to 32.125, RSMo	Proteon Therapeutics, Inc.	Applicant failed to fulfill 5-year job creation requirement of program participation agreement.	Sent legal demand letters and received \$100,000 repayment of tax credits.
Neighborhood Assistance Program, Section 32.100 to 32.125, RSMo	Blue Ryno Foundation	Applicant failed to retain property and complete required project.	Sent legal demand letters, attempted to negotiate settlement agreement, ultimately referred to AGO.
Customized Training Program, Sections 620.470 to 620.480, RSMo	Fortis Plastics, LLC	Applicant failed to retain jobs as required by program participation agreement.	Sent legal demand letter.

# Amendment to 2011 Report

Quality Jobs withholding amounts were not included in the original 2011 report for calendar year 2010. Therefore, the following amounts should be added under the following headings.

## DED Incentives Reported by Category

January 1, 2010 to December 31, 2010

### Business Recruitment

Quality Jobs	\$	20,221,862.69
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<b>Total--All DED Incentives, including withholding amounts</b>	<b>\$</b>	<b>205,974,717.69</b>
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## DED Incentives Reported by Industry

January 1, 2010 to December 31, 2010

NAICS	Description	Amount
21	Mining	\$ (12,890.00)
23	Construction	\$ 130,385.00
31-33	Manufacturing	\$ 992,365.44
42	Wholesale Trade	\$ 85,800.00
48-49	Transportation	\$ 127,669.00
51	Information	\$ (79,557.84)
52	Finance and Insurance	\$ 3,355,268.70
54	Professional and Technical Services	\$ 4,614,226.72
55	Management of Companies and Enterprises	\$ 9,994,603.67
62	Health Care and Social Assistance	\$ 1,013,992.00

<b>GRAND TOTAL for all programs, including withholding amounts</b>	<b>\$</b>	<b>181,721,434.69</b>
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Note: Benefits Issued to individuals or community colleges are not considered in DED Incentives Reported by Industry.

## DED Incentives Reported by Business Size

January 1, 2010 to December 31, 2010

	<100	100-500	>500
Quality Jobs	\$ 2,190,941.55	\$5,159,757.01	\$12,871,164.13

<b>GRAND TOTAL for all programs, including withholding amounts</b>	<b>\$133,232,632.55</b>	<b>\$14,217,151.01</b>	<b>\$32,042,847.13</b>
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Note: Benefits Issued to individuals, community colleges, or units of government are not considered in DED Incentives Reported by Business Size.